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Resale EDI: The Future

Aubrey L. Rembold
Director
Management Information Systems Division
AAFES

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Military Market serving the military retail system

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Military Market survey

Credit Cards in Exchanges

'It'd better go through . . . We are losing a lot of money.'

THE ISSUE OF whether credit cards should be accepted in the exchanges is expected to heat up again in this year's Congress. Exchange store-level officials say it's time restrictions on credit cards were lifted so military families get the full benefits they deserve.

This month, the majority of the eight AAFES, six Marine Corps and four Navy exchange officers responding to MILITARY MARKET's telephone survey said they feared that once again the issue of credit cards in the exchanges would do poorly in Congress.

"It'd better go through because we are losing a lot of money," one distraught AAFES manager said.

Several answering the survey did, however, express some optimism that if the issue were not resolved this year, credit cards would eventually make their way into the exchanges.

"It's gonna be tough," said one Marine Corps exchange officer, "and it will be a long time before they are approved."

Said one AAFES exchange manager: "If we had enough congressmen with enough gratitude toward the military, they would help us to get this through."

Twelve of the 18 store managers MILITARY MARKET talked with blamed the major retail store lobbies for keeping credit cards out of exchanges. One AAFES manager claimed that "too many lobbyists are beating the system that the military family is entitled to."

That AAFES exchange manager was joined by a Navy counterpart who said it was retail giants, such as Sears and J.C. Penney, that are enemies of credit cards in exchanges. "We aren't providing them [the military family] their full benefits if we don't give this privilege to them."

This month's respondents were unanimous in believing that if credit cards were OK'd for use in exchanges, sales would increase from 5 percent to 20 percent. They said those increases would most likely fall in the high-ticket categories, such as electronics, stereos, VCRs, and men's and women's clothing. On average, most of those responding said the total sales increase would likely level off somewhere between 10 percent and 15 percent.

Exchange managers also joined unanimously in rejecting the claim that credit cards in exchanges would represent unfair competition to those retail stores outside the base's gate. "Why shouldn't we have credit cards, too?" questioned one Navy store manager. "All the retail stores do."

"Most airmen and soldiers already have credit cards anyway," said an AAFES manager who feels strongly that the private sector would not suffer. "If a person wants to offer good values outside the gate, the military guy will go off base to get those savings," he said.

For the most part, store officials said the extra paperwork that comes with accepting credit cards would be well worth the estimated increase in sales. But some felt that extra work would only really be worth the effort if sales increased at least 10 percent or more. "You can control your money flow much easier with a system like this," added one Marine Corps manager.

Feelings were mixed about whether checkout lines would be slowed down by the use of credit cards. The 10 respondents who said they didn't think this would happen feel lines will be no slower than when someone pays by check. "We are in the retail business, and we would just have to adjust to this," said one Marine Corps store manager.

The eight respondents who expressed concern over slower checkout lines said that before credit cards are OK'd, there would have to be some sort of system devised — such as designated lines — to control the problem of slow checkouts.

The biggest advantage of credit cards in all the survey respondents' minds was that of increased sales. Running close behind were customer convenience, the chance for exchanges to be more competitive with stores outside the gate and the opportunity for military families to not have to shop paycheck-to-paycheck. "It would give customers without a lot of cash the ability to shop in their exchanges when they need something, not just when they have the cash," said one AAFES manager.

On the other hand, the biggest disadvantage, according to the majority of the respondents, was issuing credit cards to younger military personnel who might not be able to afford them. Many of the managers said they also feared credit cards would create more hassles when it came to debt collection. "We already have our hands full with collecting on bad checks." MM

1 — HOW DO YOU THINK THE ISSUE OF CREDIT CARDS WILL FARE IN THIS CONGRESS? Not well — 11. Optimistic — 5. Could not answer — 2.

2 — WHAT DO YOU THINK IS THE BIGGEST OBSTACLE TO GETTING CREDIT CARDS IN EXCHANGES? A strong retail lobby — 12. Implementing a uniform system — 3. Congress itself — 1. Could not answer — 2.

3 — DO YOU THINK SALES WOULD INCREASE IF CREDIT CARDS ARE AUTHORIZED IN THE EXCHANGES? Yes — 18. No — 0. **IF SO, BY HOW MUCH?** 5-10 percent — 8. 10-15 percent — 2. 15-20 percent — 2. More than 20 percent — 1. A significant amount (unspecified) — 5.

4 — IN WHICH PRODUCT CATEGORIES DO YOU THINK SALES WOULD INCREASE MOST? The high-ticket items — 18.

5 — DO YOU THINK ACCEPTING CREDIT CARDS REPRESENTS UNFAIR COMPETITION TO STORES OUTSIDE THE GATE? Yes — 0. No — 18.

6 — WOULD THE EXTRA PAPERWORK BE WORTH THE EXPECTED INCREASE IN SALES? Yes — 15. No, not unless new sales were high enough — 2. Depends on system adopted — 1.

7 — DO YOU THINK ACCEPTING CREDIT CARDS WOULD SLOW DOWN CHECKOUT TIME? Yes — 8. No — 10.

8 — AS A STORE MANAGER, WHAT DO YOU THINK IS THE BIGGEST ADVANTAGE OF CREDIT CARDS? See story.

9 — WHAT IS THEIR BIGGEST DISADVANTAGE? See story.

10 — DO YOU THINK CREDIT CARDS SHOULD BE ACCEPTED IN EXCHANGES? Yes — 18. No — 0.

Military Market index

Commissaries

		NOVEMBER			YEAR-TO-DATE		
		CY'84	CY'83	%	CY'84	CY'83	%
Air Force	CONUS	$152,731	$148,891	+2.58	$1,657,250	$1,605,420	+3.23
	OVERSEAS	30,991	30,048	+3.14	328,964	318,896	+3.16
	TOTAL	**183,722**	**178,939**	**+2.67**	**1,986,214**	**1,924,316**	**+3.22**
Army	CONUS	108,045	104,370	+3.52	1,167,285	1,137,347	+2.63
	OVERSEAS	33,075	32,865	+0.64	366,135	359,059	+1.97
	TOTAL	**141,120**	**137,235**	**+2.83**	**1,533,420**	**1,496,406**	**+2.47**
Navy	CONUS	59,043	52,167	+13.18	662,358	601,979	+10.03
	OVERSEAS	7,140	6,001	+18.98	78,914	69,552	+13.46
	TOTAL	**66,183**	**58,168**	**+13.78**	**741,272**	**671,531**	**+10.39**
Marines	CONUS	13,838	11,884	+16.44	145,677	126,981	+14.72
	OVERSEAS	225	190	+18.42	2,358	2,087	+12.99
	TOTAL	**14,063**	**12,074**	**+16.47**	**148,035**	**129,068**	**+14.70**
Coast Guard	CONUS	297	312	-4.81	2,839	3,203	-11.36
	OVERSEAS	278	272	+2.21	3,039	2,163	+40.50
	TOTAL	**575**	**584**	**-1.54**	**5,878**	**5,366**	**+9.54**
All Commissaries	CONUS	333,954	317,624	+5.14	3,635,409	3,474,930	+4.62
	OVERSEAS	71,709	69,376	+3.36	779,410	751,757	+3.68
	TOTAL	**$405,663**	**$387,000**	**+4.82**	**$4,414,819**	**$4,226,687**	**+4.45**
Grocery Stores	U.S.[1]	**$21.946 bil.**	**$20.229 bil.**	**+8.49**	**$235.327 bil.**	**$221.238 bil.**	**+6.37**

Exchanges

AAFES	CONUS	$232,237	$241,508	-3.84	$2,521,964	$2,498,573	+0.94
	OVERSEAS	147,355	157,052	-6.17	1,681,925	1,678,643	+0.20
	TOTAL	**379,592**	**398,560**	**-4.76**	**4,203,889**	**4,177,216**	**+0.64**
Navy	CONUS[2]	101,731	98,438	+3.35	973,987	942,267	+3.37
	OVERSEAS[2]	40,934	38,462	+6.43	405,555	399,156	+1.60
	TOTAL[2]	**142,665**	**136,900**	**+4.21**	**1,379,542**	**1,341,423**	**+2.84**
Marines	CONUS	31,865	30,199	+5.52	309,446	306,999	+0.80
	OVERSEAS	4,722	4,524	+4.38	52,564	50,504	+4.08
	TOTAL	**36,587**	**34,723**	**+5.37**	**362,010**	**357,503**	**+1.26**
Coast Guard	CONUS[3]	6,935	6,866	+1.00	68,282	66,884	+2.09
	OVERSEAS[3]	946	936	+1.07	8,890	9,120	-2.52
	TOTAL[3]	**7,881**	**7,802**	**+1.01**	**77,172**	**76,004**	**+1.54**
Mail Order	CONUS[4]	1,596	2,125	-24.89	13,274	13,551	-2.04
	OVERSEAS[4]	5,780	5,575	+3.68	43,461	41,542	+4.62
	TOTAL[4]	**7,376**	**7,700**	**-4.21**	**56,735**	**55,093**	**+2.98**
All Exchanges	CONUS	374,364	379,136	-1.26	3,886,953	3,828,274	+1.53
	OVERSEAS	199,737	206,549	-3.30	2,192,395	2,178,965	+0.62
	TOTAL	**$574,101**	**$585,685**	**-1.98**	**$6,079,348**	**$6,007,239**	**+1.20**
Department Stores	U.S.[1]	**$13.495 bil.**	**$12.001 bil.**	**+12.45**	**$108.777 bil.**	**$97.678 bil.**	**+11.36**

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ships stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard.

Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges, and exchange sales include concession volume.